

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Global Expedited Package Services Contracts
Non-Published Rates

Docket No. MC2018-186

Competitive Product Prices
Global Expedited Package Services Contracts
Non-Published Rates 14 (MC2018-186)

Docket No. CP2018-260

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE TO ADD
GLOBAL EXPEDITED PACKAGE SERVICES NON-PUBLISHED RATES 14
TO THE COMPETITIVE PRODUCT LIST

(June 29, 2018)

The Public Representative hereby provides comments pursuant to the Commission's Notice of Initiation of this docket.¹ In that Notice, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice to Add Global Expedited Package Services – Non-Published Rates 14 (GEPS – NPR 14) to the Competitive Product List.²

GEPS NPR 14 offers incentive pricing for Priority Mail Express International, Priority Mail International, and First Class Package International Service. Notice at 6.

¹ Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, June 25, 2018.

² Request of the United States Postal Service to Add Global Expedited Package Services – Non-Published Rates 14 (GEPS – NPR 14) to the Competitive Products List and Notice of Filing GEPS – NPR 14 Model Contract and Application for Non-Public Treatment of Materials Filed Under Seal, June 22, 2018 (Notice).

Prices and classifications “not of general applicability” for GEPS – NPR were first established by Governors’ Decision No. 10-2.³ In Order No. 593, the Commission established GEPS – NPR 1 as a product on the competitive product list.⁴

The Postal Service has created a Management’s Analysis of the Prices and Methodology for Determining Prices for Negotiated Service Agreements under Global Expedited Package Services – Non-Published Rates 14 (GEPS – NPR 14 Management Analysis) along with an accompanying financial model that revise the previously filed GEPS - NPR 13 Management Analysis and its financial model. Notice at 2.

In accordance with Order No. 4423,⁵ the Postal Service is providing notice of this change in rates not of general applicability, which results in a request to include GEPS - NPR 14 in the competitive products list. Notice at 6.

The GEPS - NPR 14 model contract is identical to the GEPS - NPR 13 model contract that the Commission reviewed in Order No. 4423. *Id.* The major differences between GEPS – NPR 13 and GEPS – NPR 14 are in the Management Analysis, the financial model, and the rates themselves. *Id.*

COMMENTS

The Public Representative has reviewed the Postal Service’s Notice, the Template Contract, and supporting financial model filed under seal. Based upon that review, the Public Representative concludes that GEPS – NPR 14 should be categorized as a competitive product and added to the competitive product list. In

³ Docket No. MC2010-29 and CP2010-72, Notice and Request of the United States Postal Service Concerning Global Expedited Package Services Non-Published Rates, July 16, 2010, Attachment 2.

⁴ Docket No. MC2010-29 and CP2010-72, Order Approving Postal Service Request to Add Global Expedited Package Services – Non-Published Rates to the Competitive Product List, November 11, 2010 (Order No. 593).

⁵ Docket No. MC2018-125 and CP2018-170. Order Concerning the Addition of Global expedited package Services (GEPS) – Non-Published Rates 13 to the Competitive Product List, February 28, 2018 (Order No. 4423).

addition, it appears that the contract will generate sufficient revenues to cover costs and satisfy the requirements of 39 U.S.C. § 3633(a).

Product List Assignment. Pursuant to 39 U.S.C. § 3642, the Postal Service requests that GEPS – NPR 14 be added to the competitive product list. 39 U.S.C. § 3642 requires the Commission to consider whether “the Postal Service exercises sufficient market power that it can effectively set the price of such product substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products.”

The Postal Service makes a number of assertions that address the considerations of section 39 U.S.C. § 3642. Attachment 3. These assertions appear reasonable. Based upon these assertions, the Public Representative concludes that the Postal Service’s Request to add GEPS – NPR 14 to the competitive product is appropriate.

Sufficient Revenue Requirement. Pursuant to 39 U.S.C. § 3633(a), the Postal Service’s competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. Based upon a review of the financial data, the negotiated prices for GEPS – NPR 14 should generate sufficient revenues to cover costs and meet the requirements of 39 U.S.C. § 3633(a).

The Public Representative respectfully submits the foregoing comments for the Commission’s consideration.

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